

-u/001/027



United States Department of the Interior

BUREAU OF LAND MANAGEMENT FILLMORE FIELD OFFICE

35 East 500 North
Fillmore, UT 84631
<http://enbb.blm.interwebdesign.com>



In Reply Refer to:
3800/3600
(U-010)
UTU-070722
UTU-063414

July 26, 2001

CERTIFIED MAIL # 7000 1530 0006 2414 7640
RETURN RECEIPT REQUESTED

O JAY GATTEN
REGISTERED AGENT
PEARL QUEEN PERLITE CORP
472 N MAIN ST
KAYSVILLE UT 84037

Dear Mr. Gatten: *JAY*

It has come to our attention that your corporation has recently located several mining claims in Section 26, T. 23 S., R. 9 W. We would like to point out that these claims are located over Community Pit UTU-063414, which was established so that the BLM could sell obsidian from the area. A mineral report and claim contest found the obsidian in the area to be a non-locatable mineral, and although the BLM has no present plans to sell from the pit, it may assert its right to do so in the future.

We would also like to bring to your attention two perlite prospects indicated on the enclosed map. These are both disturbances opened up under 43 CFR 3809 Surface Management Notices, and as such are subject to reclamation by the operators, Industrial Minerals Inc. (IMI), and Robert Wilson. If you would like to keep open IMI's prospect, you can transfer its Notice to your name. By doing so, you would assume reclamation responsibility for it. The Utah Division of Oil, Gas and Mining, located at 1594 West Temple, SLC, UT, has forms you can use to transfer a notice.

If you would like to keep open both the prospects, you will have to both assume IMI's Notice, and submit an amendment to

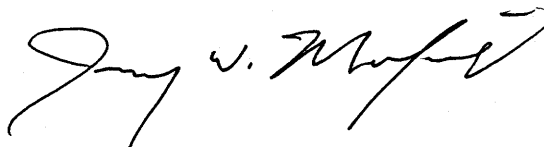
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the Notice along with a bond that would cover the cost of reclamation of the Wilson prospect. If you would like to just keep open the Wilson prospect, you can file a new Notice and bond. §3809.301, located on page 70119 of the enclosed Federal Register states what must be included on a Notice or an amendment to a Notice, and pages 70126-7 outlines how to calculate a bond, and what type of financial guarantees are acceptable.

If you do not wish to keep the prospects open, and we do not receive the required transfer, amendment or notice within 30 days of receipt of this letter, we will pursue IMI and Wilson to reclaim the sites, as is required by the regulations.

If you have any questions, please feel free to contact Sheri Wysong at (435)743-3124.

Sincerely,



Jerry Mansfield
Geologist

Enclosures

Map

Federal Register

cc: D. Wayne Hedberg, UDOGM (S/027/048)
Keith Carpenter, 74910 Chateau Circle, Indian Wells, CA
92210
Bob Wilson, 27980 Norris Rd., Bozeman, MT 59715